ATHER

August 07, 2026

To	To
National Stock Exchange of India Ltd	**BSE Limited**
Exchange Plaza, 5th Floor, C-1, Block G,	1st Floor, Phiroze Jeejeebhoy Towers
Bandra Kurla Complex, Bandra (E), Mumbai 400051	Dalal Street Mumbai – 400001
NSE Symbol: ATHERENERG	**Scrip Code: 544397**

Dear Sir/ Madam,

Sub: Transcript of earnings call pertaining to the unaudited standalone and consolidated financial results of the Company for the quarter ended June 30, 2026

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our earlier letter dated August 03, 2026 on the audio recording of earnings call of the Company pertaining to the unaudited standalone and consolidated financial results for the quarter ended June 30, 2026, please find enclosed herewith the transcript of the said earnings call held on August 03, 2026.

The said transcript is also available on the website of the Company at: https://www.atherenergy.com/investor-relations/financials#earnings-call-transcript

Kindly take the above information on record.

Thank you

For Ather Energy Limited

PUJA AGGARWAL

Digitally signed by PUJA AGGARWAL
Date: 2026.08.07 18:01:16 +05'30'

Puja Aggarwal
Company Secretary and Compliance Officer
Membership No: A49310

"Ather Energy Limited
Q1 FY'27 Results Conference Call"

August 03, 2026

MANAGEMENT: **MR. TARUN MEHTA – EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER, ATHER ENERGY LIMITED**
MR. SOHIL PAREKH – CHIEF FINANCIAL OFFICER, ATHER ENERGY LIMITED
MR. MURALI SASHIDHARAN – HEAD OF COMMUNICATIONS, ATHER ENERGY LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Ather Energy Limited Q1 FY 2027 results conference call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Murali Sashidharan – Head of Communications at Ather Energy. Thank you, and over to you, sir.

Murali Sashidharan: Thank you. Good evening, everyone, and welcome to Ather Energy Limited Q1 FY 2027 earnings conference call. From the management team, we have with us today Mr. Tarun Mehta – Executive Director and Chief Executive Officer, and Mr. Sohil Parekh – Chief Financial Officer.

Before we begin, let me draw your attention to the fact that today's discussions may include certain forward-looking statements, which are predictions, projections, or other estimates about future events. These statements reflect management's current expectations about future performance of the company and are subject to various risks and uncertainties that may cause actual results to differ materially.

With that, I would like to request Mr. Tarun Mehta – Executive Director and CEO, Ather Energy, to share his opening remarks. Following his comments, we will open the forum for Q&A questions. Over to you, Tarun.

Tarun Mehta: Hey, thanks, Murali. Welcome, everybody. Welcome to our First Earnings Call for FY 2027.

We are doing this call in the midst of a pretty massive change and pretty massive transformation for the EV industry, which is reflective in the overall e-two-wheeler penetration. For a while, people were wondering if e-two-wheeler penetration had slowed down or if it was not growing fast enough.

We have been guiding for the last few quarters that underlying demand is strong, and there is growth that we are seeing. In the last three to four months, given larger macro shifts, numbers have really changed. E-two-wheeler penetration is up by 44% at 11% in the two-wheeler industry, and electric penetration in the scooter industry is upwards of, I believe, 25% now. This is also reflective in how searches have gone up.

If you look at an industry level, EV searches for electric vehicles are up almost 75%, and Ather brand searches are up almost 118%. What's underpinning all of these are some macro shifts:

- First, transport electrification, as hailed by the Prime Minister himself, is now accelerating as a national agenda. We have got to electrify cooking and transport, and this is really making this mission mainstream today.

- Second, there is very clear and strong policy support. Obviously, PM E-DRIVE, that has always been around. But the recent announcements and the plans with the Delhi EV Policy, I think they are playing a pretty massive role in driving consumer confidence in electric vehicles up. We believe that if this policy plays out positively as it looks like now, this will have a pretty massive impact across multiple states.
- Third is, this is an interesting one. There are now availability concerns on petrol and diesel, and they are shifting consumer sentiment.

There was a point, I remember, a few years ago, when somebody would, even a diehard EV family, would always say that, "ghar me ek petrol gaadi to honi padegi. We are now moving to a place, and this was a fun colloquial thing, a fun thing that I had heard, "ghar me ek electric gaadi to honi padegi". Really capturing the sentiment in a beautiful manner. It is not petrol prices that have shifted demand up. People are moving towards electric because, for the first time probably ever, people genuinely fear how accessible and available fossil fuels would be. Electricity is seen generally as a more available commodity than petrol today, and this is why EV demand is now starting to surge.

Finally, obviously, you cannot deny this. Rising petrol prices in India particularly are definitely improving the overall total cost of ownership for electric vehicles. So these are four macro shifts that are really driving structure… become.. really structural tailwinds for our industry today. Every demand proxy that you can think of is inflecting upwards. Industry registrations are up 68% in the last one year, hitting 525k in Q1 FY 2027. Inquiries for Ather that we are receiving on a daily basis, they are up 95% in the same time.

In Q1 FY 2027, we received more than 7 lakh inquiries for our products. Ather preorders, these are paid preorders that are captured across the country, they were up 158%, hitting a first-ever seen 1.5 lakh preorders in Q1 FY 2027. Really capturing how massive the demand for our vehicles, for electric vehicles in general and Ather particularly, has been in recent times. This is reflecting in very strong financial results. For example, our wholesale volume grew 81%, from 46,000 units in Q1 FY 2026 to 83,000 units in Q1 FY 2027.

This has happened despite production constraints and multiple supply challenges during Q1. We were navigating the labor crisis, the West Asia war-induced crisis at the start of the quarter, which is why April volumes were still soft. April production was still soft at 24,000 units. But we have month-on-month ramped up from 24,000 units in April to 28,000 units in May to 31,000 units in June. Our current facilities have a max production capacity of 35,000 units, and I am happy to announce that we are almost at 100% utilization as we speak now. The ramp-up took a couple of months, but we are now there.

This surge is best captured when you see our year-on-year registration growth. Year-on-year wholesale growth was 81%, but year-on-year registration growth was even sharper at 102%. Registrations for Ather grew from 44,900 units in Q1 to more than 90,000 units in Q1 FY 2027. In fact, this is once again another quarter where retail has outpaced wholesale, driving the urgency and the need for us to ramp up both supply and capacity on a war footing.

In sales, Middle India continues to be our growth driver, driving the highest growth among all zones for us. Middle India are the five zones of Gujarat, Maharashtra, MP, Chhattisgarh, and Odisha, which grew 141% in retail from Q1 last year to Q1 this year, followed by Rest of India at 118%, followed by South India at 76%.

Just to give context about where demand is and how big the opportunity for the industry and Ather today is:
We have this slide in the presentation also, where we have shown how inquiries have ramped up, how preorders that we are capturing have now crossed 50,000 on a monthly basis. May I just call out, this is 50,000 preorders, despite the fact that in many states now, our dealers are no longer even accepting new preorders because the waiting times are now hitting 2 months or even higher. The underlying demand, we strongly believe is very high. We believe today that of the 30,000 units that we retail average in Q1, we could have probably sold an incremental 13,000-15,000 units extra every month. That's the unrealized retail potential for us.

It's a bittersweet situation to be in because obviously a brand would want to be in a place where they have more demand than they can satiate. This is best captured by looking at our dealer channel inventory.

Our dealer stocks are down from 14 days to 3 three days, as of Q1 FY 2027. How do we solve for this new demand reality? Our current production out of Hosur maxes out at 35,000 units per month or about 4.2 lakh units per annum, which is roughly where we are already now getting into in Q2. We are in the midst of finishing our investment in Aurangabad, Chhatrapati Sambhaji Nagar, which is a new factory. Phase one of this new factory unlocks 5 lakh units, which is what we are all laser-focused on.

Go-live of AURIC will take our total capacity up from 4.2 lakh units to 9.2 lakh units later this calendar year. We believe demand is ramping up very fast. 9.2 lakh units per annum is only 77,000 units a month. We believe on current demand trajectories, even this may be tight in the coming quarters, which is why I think we were lucky here. When we took Aurangabad land, we took larger land capacity, and we had always planned for AURIC Phase-2. There are some common facilities already that were planned for. With AURIC Phase-2, we can incrementally add another 5 lakh annual capacity, taking our total capacity up to 14.2 lakh units in the coming time.

We haven't started any investments for AURIC Phase-2, but that presents a capturable opportunity by us, should the current demand trajectory continue to ramp up, which we are quite bullish about. Also to fund it, recently, we finished closure of our Rs. 1,300 crore QIP a few weeks ago with very strong participation from funds, both from India and abroad.

We are also in the midst of seeking shareholder approval and closing a fundraise of another Rs. 1,200 crores via preference issue, leading to a total fundraise of Rs. 2,500 crores. This cash raise will serve us well as we respond to the fast-tracking that we need to do for this capacity, both at our end and our suppliers' end. It will also help us as we will likely have to fast-track launch of new products because the market certainly is expanding faster than anybody anticipated.

Will also give us the balance sheet resilience to be able to navigate some of the commodity crisis and the supply crisis that continue to exist globally.

Coming to challenges:
There have been headwinds also while there have been very strong tailwinds. In the headwinds, the first one is the commodity challenge, which we have been highlighting for the last 2 quarters. Q1 2027 was not immune to it. We saw an escalation in commodity costs across the board. The commodity index in the last 5 quarters has gone up by 46% for us, which is what we had roughly guided by last quarter also. In fact, in many ways, the hit from commodity cost was probably a little higher than even we anticipated in Q1.

We do believe that there is still some more risk in the coming months of it escalating a bit more, but we are hopefully near the top rather than near the bottom right now. Hopefully, the pain is not going to compound for too long.

To manage this, we have focused a lot. We obviously are increasing capacity, and that will be a big help as we can sell more. In the near term, every crisis can open up some opportunity. We saw that many years ago when the pullback of subsidies pushed us at Ather to discover new monetization opportunities via things like AtherStack Pro. The current commodity crisis has definitely pushed us again, which reflects in how we have been able to navigate pricing. Happy to report that our teams have been able to drive very strong success on both added sales price increase and improved SKU.

The average sales price of Ather has now hit Rs. 1.61 lakh across the country, up from about Rs. 1.5 lakh as of last quarter. There's been a sharp increase there. This is a mix of, A, price hikes, which the market has been able to absorb, and B, improved SKU management on the ground. This is also reflective of the fact about how much pricing power the Ather brand today commands, and how much respect and confidence our customers continue to have in us on our quality, on our products, and overall brand promise. This, hands down, is probably the strongest success story for Ather in this quarter. All of this was also supported by very strong AtherStack Pro attach rates, which have gone up even this quarter. We saw 94% AtherStack Pro attach rates in Q1 2027.

If I see the overall adjusted gross margin story, AGM story, we exited Q4 2026 at 25.4%. There were structural gains that we were able to bake in between the price hikes, between SKU management, between AtherStack Pro attach rates, cost reductions, and many others. These are structural gains because most of it will survive even the current commodity crisis. In fact, all the structural gains are not fully accounted for because as I talked about the price hikes, the ASP increase of Rs. 1.61 lakh happened by the end of Q1. There is still some more upside that we will continue to benefit out, even in Q2. So this is the structural gain that we have gotten out of this entire episode. Obviously, more than canceling it out, is the near-term commodity inflation that we are dealing with, which led to a 5.6% drop in gross margins.

Net it out, we have landed up at 22.4% AGM for Q1 2027. A fairly respectable place, particularly looking at how strong the commodity hit was. Particularly, the good news, the silver lining in this entire thing is the structural gains will likely outlast the commodity inflation cycle also. Which brings us to the big financial success of this quarter.

Despite the commodity crisis, despite that pressure, we were able to manage our gross margins well. More importantly, teams delivered an astounding amount of discipline on fixed costs. Recognizing the strong demand that our products already had, we were able to run a really tight ship on fixed costs, particularly marketing and sales, and deliver our first ever positive EBITDA quarter. Our EBITDA came in at a Rs. 9 crore margin for Q1 2027, which is roughly about 0.8%.

It's a small number, but this is the first time ever we have delivered one, so very happy to report it. Challenges do continue for the coming quarters. There will likely be, in fact, some ups and downs, but don't want to miss out on the opportunity to call this out when it does happen, which is a positive EBITDA quarter.

So, I spoke a lot about where growth is coming from and how strong demand is overall looking like. Coming to the next big driver of growth, hopefully for us, and big driver of demand is our EL scooter platform. This is something that we had unveiled last year, and we are now getting ready to launch. EL scooter is already under production. High volume trials have already begun. SOP has already begun. Homologation is already completed. Production has begun out of our Hosur facility for now and will run from here for a few months before it starts scaling up out of Aurangabad. We are looking at scaling up our manufacturing capacity for the EL scooter to about 60,000 units per month between Aurangabad and Hosur together. Obviously, it will not be called EL. It will have a brand name. We will be unveiling the brand name in a couple of days, so please do watch out for it. Finally, the product is going to be unveiled in our upcoming Ather Community Day, which has now become an annual affair. It's happening in 29th August in Bengaluru, and we look forward to seeing many of you there this time.

Going ahead, to deliver all this demand that we are already seeing and EL will likely bring in, the most critical piece now is the launch of our Factory 3.0 out of Aurangabad or Chhatrapati Sambhaji Nagar. We have shared a picture in the presentation outlining the progress on the site. It's tracking well for a go live by later this calendar year. Assembly line has already been set up, and warehouse and utilities are coming up as we speak. Paint shop is under trial. Things are looking good for a go live in the coming few months.

Finally, coming to the fun event we are all excited about, Ather Community Day. The theme for this year is A New Dawn of Magic, which really has strong correlation to the product that we will be launching, the EL scooter that we will be launching. It will be happening in KTPO in Whitefield, Bengaluru. We will have a slew of announcements. The big ones obviously would be the launch of the scooter. There will also be many announcements around the software stack, around charging infrastructure, and many other ownership products.

With that, we are at the end of my section. In summary, demand is up incredibly., demand has really gone in a very different orbit altogether, up 158% compared to same time last year. EL launch later this month should further set us up for an even stronger demand in the coming quarters. Registrations, which is retail for us, are up strongly at 102%, supported enormously by really strong per unit revenue in Q1. Finally, production also up 79%. The big upside here is awaited with Factory 3.0 going live in Q3 FY 2027.

With that, folks, at the end of my section, we can now open this up for Q&A. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Amyn Pirani from J.P. Morgan. Please go ahead.

Amyn Pirani: Yes. Hi. Thanks for the opportunity. Congratulations on strong number even in a quarter which had so many challenges. My first question is actually on the margin itself. You did mention that commodity headwinds could continue. Are you seeing a similar 5%-6% further commodity headwind that you saw in this quarter? Are you thinking more like it will be stable at these levels and hopefully come down at a later part of the year?

Tarun Mehta: Thanks, Amyn. I expect commodity hit to continue inching up because do remember these are quarterly average numbers, so they don't probably fully capture the hit from commodities that we would've seen by the end of the quarter. I am also not expecting like a 5%-6% further drop from here. Do expect, like we guided . . not guided . . we have called out that the hit in this quarter was roughly about 5.6%. I would say there's probably another couple percentage points worth of risk left. There's also a possibility that this could start cooling, but that's extremely volatile and difficult to exactly predict when that happens. If nothing else changes, maybe there is still 100-200 bps of further hit left. For which I think if we have been able to absorb this, I am more optimistic about absorbing or largely managing the rest because EL itself will start lowering our cost structures in the coming quarters, and annual cost reductions will anyways play a strong role.

Amyn Pirani: Sure. Thanks for that. Even on your employee and other expenses line, you have shown remarkable cost control. Is this a new baseline and then EL helps us? Because I think when the new capacity comes in, these costs will go up, right? Before the new capacity comes up, is this the new baseline, or was this quarter something exceptional that you did to control the costs which can go up in the future?

Tarun Mehta: Well, I wouldn't call anything exceptional. By DNA, we have generally run a tight ship, and we have been always fairly cautious. This year, even internally, our messaging was very clear that we have had a blowout year in FY 2026, but in FY 2027, we have got to be cautious. We have managed all expenses carefully. We have not been overly generous there, so that's true. Overall, I think it's a story of multiple cautious eyes landing this year. Nothing exceptional that we have done. It's not like a one-time thing that's happened here or some additional positive surprise that's kicked in. As AURIC starts going live, yes, there will be a cost that will go up. It may not go up immediately because some of that cost will likely get capitalized. Expect Q4 onwards that cost to come in.

By the time you will see that cost hitting our P&L, you will also likely see volume output out of it. Net-net, you may not see a meaningful shift in overall numbers.

Amyn Pirani: Just one last thing from my side. Are you expecting to hit a full ramp-up in AURIC phase one by March? Is that something which will happen sometime in fiscal year 2028?

Tarun Mehta: Amyn, I would like to hit in March, but honestly, difficult to predict the exact month. Could spill over into the first few months of FY 2028. You can imagine the kind of pressure we have created for ourselves with this demand. Everybody is completely focused and incentivized only to get AURIC live, go live as quickly as possible.

Amyn Pirani: Okay, great. All the best for that, and thank you for the opportunity.

Tarun Mehta: Thanks, Amyn.

Moderator: Thank you. We take the next question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Hi, good evening, team, and congratulations. Firstly, just on the demand side, we have hit our ASP of Rs. 160k now. It's firmly in the premium motorcycle segment category. Just wanted to understand what is the customer profile and demographics, any insights you might want to share. Is the market shifting towards scooters, and your views on that would be helpful.

Tarun Mehta: Yes. Hi, Kapil. Thank you for reminding us of this interesting success. I was just checking with the team here while you were asking the question. No, our teams on ground don't believe that the customer profile has changed. It's basically the same customer. There is definitely some role of limited supply at play here, no doubt about it. That's definitely particularly helping us push the SKU in the direction that we like. Overall, we don't think the underlying customer profile has changed radically. Is it the motorcycle buyer buying a scooter today? We also don't think so. We think it is largely still the same scooter buyer. What has to be called out is the continued success of retail finance in our overall scheme of things, which is really helping customers absorb this cost in an easier way.

You would appreciate this, that the TCO gain of electric is becoming incredibly powerful. Though I listed that as the fourth point in the structural tailwinds, it does help a lot towards this factor that, you know what, an extra Rs. 5,000, Rs. 8,000 is probably fine because that's maybe Rs. 100, Rs. 200 extra per month, but the petrol savings are just enormous at this point. That, coupled with the E2O concerns, overall, I think create an environment where customers don't mind paying a little bit more for an EV because they are starting to appreciate the TCO quite a lot more now.

Kapil Singh: Ok. Second question was on the margin side. What is happening on the PM E-DRIVE subsidy and the price hikes that you have taken, have they been able to cover up for the cost increases when we look at Q2 and beyond?

Tarun Mehta: We have been hearing an intent by the government to find a way to extend PM-E-DRIVE to continue supporting the larger electrification drive that they've been behind. As of now, we don't have one. We are awaiting clarity on it, but signs are strong is all I can say. Has the price increases covered the inflation that we have seen in commodities? No, I won't say they're fully covered because if they had, we would've seen no margin loss at all. There is one upside, which is that though I did say to Amyn in the previous question that I expect commodity inflation to increase a little bit more for another quarter, the reality also is in the structural gains bucket, our price hikes haven't been fully factored in Q1 because our price hike happened actually reasonably backward.

There is some more upside that will hit us from there also. For Q2, we may be in a decent position now on canceling the effect of commodity hikes. We will not fully capture on. We will have to wait for commodities to cool down.

Kapil Singh: Yes, subsidy is one element we will need to watch for, right? Because you would have got almost for the full quarter in Q1.

Tarun Mehta: Actually, no. Even for Q1, we didn't bake subsidies for the full quarter. Roughly about 15%-20% of the vehicles may have been sold without subsidy. I will just re-verify the exact numbers. Maybe more. For Q2, we will have to see if subsidies are announced. Right now, as we speak, we don't know.

Kapil Singh: Okay. Just finally wanted to check any thought given to AURIC Phase-2. Is it possible to bring it earlier if the demand momentum continues like this, especially with the new product launch?

Tarun Mehta: Yes, very good question, Kapil. That's what I was saying, that we did start thinking about this as a potential requirement, which is also what played a role in how we sized up our fundraise. The overall Rs. 2,500 crores in our mind also gives us the war chest to fast-track AURIC Phase-2 without necessarily waiting for more proof of Phase-1. We will see in the coming couple of quarters if this trajectory holds up. I would not rule out a phase two fast tracking, quite a material fast tracking.

Kapil Singh: Okay, brilliant. Thank you so much and best wishes.

Tarun Mehta: Thank you.

Moderator: Thank you. We take the next question from the line of Gunjan from Bank of America. Please go ahead.

Gunjan Prithyani: Yes, hi. Thanks for taking my question. Just continuing on similar lines, zooming in a little bit more on the capacity and the commodity bit. On the capacity, Tarun, you mentioned 30 goes to 35 immediately. You have debottlenecked or ramped it up. By Q1, that gets to roughly 72. Is that what, 40 plus the 35, 75? Is that the way to think about it, by Q1 we will be 75 of next year?

Tarun Mehta: By Q1 2028, you mean? Very high likelihood, yes.

Gunjan Prithyani: You mentioned that there is a 60k per month that you are allocating to EL. How do I read these two together? Is it the fungible lines? Is there something else that I need to understand here?

Tarun Mehta: AURIC has been completely dedicated towards EL. What we have also done in Hosur is, yes, Hosur does have some amount of fungibility, but more importantly, Hosur does have additional capacity. We can either give EL the full 18,000 out of Hosur, or we can take it down because we already have the capacity to do 35,000 of Rizta and 450. We can play between these two. We can't add them up, so we can't do 35 plus 18 because that much line capacity we don't have. With a little bit of heads up, we can choose that allocation. EL, with phase one of AURIC, EL can have a net total capacity of 42 plus 18, that is 60,000.

Gunjan Prithyani: Okay. That's clear. On the acceleration of Phase-2, is there a timeline that you can put that how soon can it be done if you had to do at AURIC?

Tarun Mehta: I think difficult to say this quarter, Gunjan. Maybe by next quarter, I will be a little bit more wise about it. The upsides are that the land was secured together, incentives were negotiated in one go. Some of the infra will also be common between both Phase-1 and Phase-2. Phase-2 should certainly take lesser time than it took Phase-1. Lot of the approvals are already in place also. The downside, or rather, let me call out the watch out right now is, we don't want to start Phase-2 today or start giving a guidance or timeline today, it just feels like we should be a little bit more cautious. Just see Phase-1 at least go live in the next few months, and then get going with Phase-2. Right now we are in the planning stage for Phase-2.

If all looks well, maybe in a quarter or two max, we will have more firmer timelines and guidance to share.

Gunjan Prithyani: Got it. On the commodity increase, sorry, a little bit more discussion is happening on this. Just trying to get my head around. You will have a 7.5% sort of commodity hit in Q1 and Q2 put together. Can you just give us some thought process on how much price hike has been taken? How would we look to sort of cover some of it through combination of price hike? Secondly, structural benefits that we have already accrued and we may potentially see from EL platform, any ballpark math around it. Of course, we will hope that commodities cool off. But in absence of, let's say, commodities plateau out here, how do we look at the sort of covering up this 7%-7.5% sort of RM headwind?

Tarun Mehta: Yes. In Q1, we started increasing our ASPs. The bulk of this ASP increase has come on the back of price increases, which are 100% margin accretive. I would say maybe about one third was improved SKU management, which is not fully margin. It's may be about 25% of that flows back into gross margins. We took our pricing upto. . . We were Rs. 1.5 lakh per vehicle in Q4. We went up to Rs. 153K in April, Rs. 153K in May, and Rs. 161K in June. That's where for the quarter; we may have averaged out probably closer to Rs. 155 or so. The reality is, since June, our pricing is already, or our ASP is already around Rs. 1.61 lakh.

So that benefit would be seen on a full quarter basis in Q2, which is where I am reasonably confident that further hits from commodity at this point may be largely mitigated by the price hikes that we have already done, which will reflect in our financials in Q2. Yes. This 5.6% could only be partly absorbed, but any further increase can be more or less managed. There's only one downside to ASP, by the way. As EL launches later this month, and as it scales up in production, it will likely depress our ASPs a little bit. On a whole, overall, margins will likely look quite fine. At a margin level, I think, we have already made a move, and in Q2, we should not see a material degradation from RM any further. This point onwards, probably for the first time, I would say. Hits from commodities are probably now, there is a line of sight of where they are headed. I don't think they will continue getting worse with no end in sight. There's probably another 100 to 200 bps, which we can probably manage with our already announced price hikes.

Gunjan Prithyani: Got it. That's super clear. Last question, Tarun, going back to the opening comments that you made, that we are seeing a pretty big change in the policy push for EVs, you highlighted Delhi, and you did mention a few more. Is there something that you are seeing, with the sort of adoption we are seeing, is anything else coming from other states? The reason I ask is Delhi faced a lot of skepticism, right? Small state, neighboring states, we can see registration. You sort of heard a lot of skepticism on whether it will be successful or not. Are you sort of hearing the similar sort of narrative from other states or at a central level as well, that there could be a more stringent policy push towards EVs now?

Tarun Mehta: I think all signs that we have seen are remarkably consistent from a policy perspective around the need to support electric vehicles. Which is also why there's been an increased reach out to, for example, new age EV players in order to take their inputs as to what role brands like us can play. There's been conversation around if PME-DRIVE can be extended. Delhi EV Policy is obviously the strongest move yet. I think it will get a lot of debate in the coming quarters. I feel now with some conviction that this policy is going to land. There will be some parts which will probably get negotiated for a while or might get pushed out for a while. In some categories, there's not enough proof of success with electric vehicles yet, so there'll be rightfully some pushback temporarily on it.

Overall, like something like in scooters, I think it will be difficult to stop the tsunami of support. Gunjan, I think for the first time, and let me zoom out a little bit. Many years ago, Delhi tried the odd-even policy. I think there was a lot of pushbacks on it, despite being probably a good one from a pollution perspective, because consumer support for the policy was not strong enough, probably. I think what we are noticing with Delhi EV Policy this time is that the consumers' confidence and comfort that, yes, we have to move to electric, this has to be done, is very high. I think that's playing a big role in giving the confidence to authorities to then not back off and continue driving this.

We are also seeing other states, like Haryana now, following a similar trajectory or at least showing more support. Finally, irrespective of when these policies exactly play out, it's a sentiment that has changed really, which is why my first point really was like the Prime Minister saying that electrify cooking and electrify transport. It's a very powerful thing because for a lot of people, that really sets the tone that then this is time for mainstream. This is the right thing. This is the nationalist thing to do. I think that is not playing a small role. That's playing a pretty powerful role.

Gunjan Prithyani: Got it. Thank you so much. Best wishes for the EL platform.

Tarun Mehta: Thanks, Gunjan.

Moderator: Thank you. We take the next question from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf: Good evening, and thank you for the opportunity. My first question is regarding the AURIC Phase One. How do you see the ramp-up of production happening? While the plant starts in November, how do you see the ramp-up there? The reason I am asking is that we are already about 15K units short of production, and then we have the EL launching as well. Just trying to understand how the scale-up can happen there.

Tarun Mehta: Thanks. AURIC equipment installation is ending in the next couple of months, and we will start trial productions from the festive period. Expect reliable daily output all throughout Q4, starting from first Jan itself. It is difficult for me to exactly pin down whether it is end of Q4 or into Q1 that the ramp-up to 42,000 units a month will finish, but it will finish sometime in that zip code. I would say the overall ramp-up from zero to 42,000 a month is somewhere in the vicinity of four to five months. That is how I would rate it. Obviously, I recognize that there is a large gap for us to fill. The good news is this is a big step-up that we are going to be experiencing.

We don't have the upside of seeing linear increases every other month, but the big step-up will hopefully hold us steady for at least a few quarters, before, if required, we need to ramp up to Phase-2.

Mukesh Saraf: Right. In continuation, these 18,000 units a month that you will start off with at Hosur, in all probability, that would be coming off the Rizta, and you will maintain the production of the 450 X, or that's not how I should look at it?

Tarun Mehta: Sorry, Mukesh. I missed your starting of the question. Can you repeat?

Mukesh Saraf: These 18,000 units a month that you are planning to first begin at Hosur within 35K that's available right now. We should assume that the Rizta production will come off while EL goes up, and 450X you will look to maintain the production?

Tarun Mehta: Correct. That's the flexibility that we will create for ourselves. While EL will have uninterrupted availability from the 42,000 units a month from AURIC Phase-1-

Mukesh Saraf: Yes.

Tarun Mehta: It will also have the option to grow into another 18,000 in Hosur. Should Rizta demand continue to hold up meaningfully, we can allocate that supply to Rizta instead and let AURIC grow more organically only out of AURIC. Let EL grow more organically only out of AURIC. We will decide this in a more fluid, in a more dynamic manner as we see early demand trajectory through. Yes, directionally, it's Rizta that will likely see more cannibalization from EL rather than 450. 450 is unlikely to be impacted by EL's launch.

Mukesh Saraf: Got it. Just lastly, any updated targets you have on the dealer addition, given we are slightly short of capacities now and how the ramp-up there is going to be. Dealer addition, any updated targets also on that?

Tarun Mehta: Yes. No. Mukesh, we have gone slow with new store opening in Q1 because exactly the point that you said. It is not prudent for us to ship out more inventory to build out new stores while existing stores are only meeting 50%-60% of demand. We are waiting out a couple of quarters. With EL going live and particularly AURIC go live happening by festive, you will start seeing a surge in new store openings from our end once again, which is when we will also bring the metric up and start giving more color on that.

Mukesh Saraf: Got it. All right. Thank you. I will get back in the queue.

Tarun Mehta: Okay.

Moderator: Thank you. We take the next question from the line of Yash Agrawal from Nirmal Bang Institutional Equities. Please go ahead.

Yash Agrawal: Hi, sir. Thank you for the opportunity and great set of results. Just wanted to know, the non-vehicle revenue has increased to 14% of operating revenue. What are our long-term targets, and what are the typical margin profiles for software, charging accessories, and other non-vehicle revenue?

Tarun Mehta: Hey, thanks. Non-vehicle revenue, the largest piece today for us is the AtherStack Pro, the software pack in our offering, which has done incredibly well for us, even better than we anticipated. The potential for growth, however, comes from two other parts, which are service revenues and accessory sales. Accessory sales actually have been quietly compounding. We haven't given color publicly this quarter, but maybe in a few quarters we will bring it up and give a little bit more color. Accessory business has been building out really well. The biggest compounder of all would likely be the service revenues, because that's a function of fleet size. For established two-wheeler businesses, service revenues can be as high as 10%-12% of their overall revenues. For us, that's more in the vicinity of a couple percentage points, 2%-3%.

There is a tremendous amount of growth possible here over the next decade. We do expect this will continue increasing. In the short term, it has seen some support because of the price increases on AtherStack Pro. In the medium term, accessories will also play a material role. In the long term, this is going to compound on the back of service revenues. Service and spares .

Yash Agrawal: Okay, sir. The second question is, several OEMs are preparing to launch their electric motorcycle in next 12 to 18 months. How do you see this segment evolving? Does Ather intend to participate meaningfully in next one or two years? Does Zenith platform will take more than that to come up with its first product?

Tarun Mehta: At this point, we are laser focused on the EL platform and getting at least the first maybe two product, maybe another product out on it in the next year. Motorcycles are starting to look interesting. That's true. Ather may not be the pioneer this time. We may watch the market. We want to see how consumers respond, which segments show a willingness and an interest towards this segment, before we make our maiden launch here. This is, I would say, more than a year away for sure. Probably two years plus.

Yash Agrawal: Okay, sir. The one last question on the experience center addition. How has the productivity of recently added stores evolved versus mature stores? Can you share any trend in average retail throughput per outlet?

Tarun Mehta: Yes. I will not be able to share retail throughput per outlet, even before the demand surge that we have seen in the last four, five months. We look at stores on a quarterly cohort basis. Stores that open in Q3 are tracked together. Every cohort was showing operational profitability in less than six months, five to six months on an average. While some stores might take seven, eight months, the average was really rapid. In fact, it was much faster than we had guided to our own retail partners. In light of what's happening right now, honestly, as we ramp up more and more supplies, I would not be surprised if stores start becoming operationally profitable in as early as two months. That's also possible. We have had a good track record on this, at least throughout FY 2026.

Yash Agrawal: Okay, sir. Just one last question on what has been the breakup between Tier-1, Tier-2, and T ier-3 cities in terms of retail sales in last one or two quarters?

Tarun Mehta: Sorry, I am going to be going by memory here because we don't have it on our fingertips. I do remember that Tier-2 or Tier-3 stores were becoming our biggest volume drivers, because obviously we are also adding a lot more cities and stores there. At least a year ago, I think, or a year and a half ago, I think we had equal sales coming out of top 10 cities, and then the next 20, 30 cities, and then the next few hundred cities. Oh, sorry. Top 20 cities and then the next 100 cities, and then the long tail of all cities after that. I think it's becoming more Tier-3 heavy in terms of just absolute throughput in the recent few quarters. Also, the EV penetration is highest in Tier-2 and Tier-3 for a while now. It kind of stands to reason that we will see stronger traffic out there.

Yash Agrawal: Okay, sir. That's it from my side.

Tarun Mehta: Sure. Thanks.

Moderator: Thank you. We take the next question from the line of Nikhil Kale from Invesco. Please go ahead.

Nikhil Kale: Yes. Hi. Thanks for taking my question. Tarun, just a couple of questions. One on the EL launch. How are you thinking about the launch in terms of, would we be fair to assume that the launch will be more catered towards, say, middle India or the northern part of the country initially?

Tarun Mehta: Very likely, Nikhil. There's been a lot of pull and customer interest for more favorably priced variants, in, particularly the northern markets. Expect us to have a slightly higher bent towards that. Particularly, there'll be a heavy bias towards that in the early few months, before we open up sales across the country. We followed a focused geo strategy even during Rizta's launch, starting from targeted markets in middle India and then rest of India and then South India. The order might be a little different this time, more rest of India, then middle India, and then South India.

Nikhil Kale: And-

Tarun Mehta: It also follows our larger Sorry, please go on.

Nikhil Kale: No. Assuming that this will probably be at a slightly lower ASP, like you mentioned that ASPs will trend down. What's the expectation for, say, AtherStack Pro attach rates? Will they kind of trend down for this product, generally, given that it will be slightly on the lower price point?

Tarun Mehta: I would like to guide so. However, having seen the track record over the last year and a half or so, maybe I will be a bit more optimistic. I wouldn't guide very low. I would cautiously guide at least 75% attach rates with EL also, but I would hope for even higher.

Nikhil Kale: Understood. Just lastly, you spoke about the fungibility at Hosur plant. Just theoretically, if Rizta kind of holds up the volume and if, I hope it happens, that Rizta demand kind of surprises on the upside, then how do you kind of cater to that? Because is AURIC capable of also doing Rizta? I think initially we had also spoken about moving Rizta to the EL platform. What are the plans for that?

Tarun Mehta: I think if that happens, the latter is the more likely outcome. Because AURIC is built for the platform, EL. Sure, it can handle more products, but as a platform, AURIC is best suitable for the EL platform. If genuinely Rizta demand surprises us on the upside, expect us to find ways to build it on the EL platform in the more mid to long term. In the short term, we are anyways well-capitalized on capacity for the Rizta product and the platform as a whole out of Hosur. Hosur can anyways do 35,000 a month, and we are also trying to push that up a little bit more.

Nikhil Kale: Understood. Thank you. That's it from my side.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Murali Sashidharan for his closing comments.

Murali Sashidharan: Thank you, everyone. We sincerely appreciate all of you joining us today and for your continued engagement and support. We look forward to updating you on our developments in the coming quarters. Wishing you all a great week ahead. Thank you.

Moderator: Thank you. On behalf of Ather Energy Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

(This document has been edited for readability purpose)

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